



Full Service Commercial Appraisal & Consulting Services

210 South Ellsworth Ave #15 San Mateo, Ca. 94401

DOHERTY VALUATION

650-678-4993

APPRAISAL REPORT

PREPARED FOR
MR. SEAN DOLLINGER



**20 SOUTH LINDEN AVENUE, #6B
SOUTH SAN FRANCISCO, CA.**

JULY 25, 2022

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May 31, 2024

Mr. Sean Dollinger
3989 Branson Drive
San Mateo, CA 94403

Dear Mr. Dollinger:

In response to your request to prepare an appraisal of the "**Light Industrial Condominium**" located at **20 South Linden Avenue #6B, South San Francisco, CA.**, I have personally made an inspection of that property. This inspection was made for the purpose of estimating the "As Is" Market Value of the subject property as of July 25, 2022.

"Market Value" is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. buyer and seller are typically motivated;
- b. both parties are well-informed or well-advised, and acting in what they consider their best interests;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. the price represents a normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: *Uniform Standards of Professional Appraisal Practice (USPAP), 2021-2022 Edition*

Mr. Sean Dollinger

May 31, 2024

Page 2

This appraisal assignment is an **Appraisal Report** (under Standards Rule 2-2(a), as defined in the Uniform Standards of Professional Appraisal Practice, USPAP). Please note the assumptions and limiting conditions that follow. These assumptions and limiting conditions are an integral part of this valuation.

This is a retrospective valuation due to the fact that the report is being prepared May 31, 2024 and the valuation date is July 25, 2022.

Based upon my investigation and analysis of the data gathered with respect to this assignment, I have formed the opinion that the “As Is” Market Value of the subject property, as of July 25, 2022 is:

**ONE MILLION TWO HUNDRED THOUSAND DOLLARS
(\$1,200,000*)**

*** *The reported value within this report is contingent upon an accurate legal description that adequately identifies the subject property.***

If the subject was listed for sale, it is my opinion that the “As Is” Market Value could be achieved within a 2-4 month marketing and exposure period based on the marketing and exposure periods of the comparable sales and discussions with brokers.

Respectfully submitted,



Pete Doherty, MAI
State Certification #AG011067
Expiration Date: 9/28/2024

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

ASSUMPTIONS AND LIMITING CONDITIONS (cont'd)

11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.
12. Any proposed improvements are assumed to have been completed unless otherwise stipulated; any construction is assumed to conform to the building plans referenced in the report.
13. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
14. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

ASSUMPTIONS AND LIMITING CONDITIONS (cont'd)

This appraisal report has been made with the following general limiting conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

EXTRAORDINARY ASSUMPTIONS

None

HYPOTHETICAL CONDITIONS

None

COMPETENCY PROVISION

The appraiser possesses the necessary knowledge and experience to complete this assignment.

CERTIFICATION OF VALUE

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. I have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. I have made an inspection of the property that is the subject of this report.
10. No one provided professional assistance to the person signing this certification.
11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

CERTIFICATION OF VALUE (cont'd)

12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.



Pete Doherty, MAI
State Certificate # AG011067
Expiration Date: 9/28/2024

5-31-2024

Date

FRONT VIEW OF SUBJECT PROPERTY



INTERIOR VIEW - OFFICE AREA



RESTROOM



INTERIOR VIEW - WAREHOUSE



INTERIOR VIEW - WAREHOUSE



ENCLOSED SHOP AREA



ACCESS FROM SOUTH LINDEN AVENUE



BUILDING B (SUBJECT)



**STREET SCENE ALONG SOUTH LINDEN AVENUE
(SUBJECT ON THE LEFT)**



NATURE OF THE ASSIGNMENT

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the "As Is" Market Value of the subject property as of July 25, 2022. This date corresponds to the date of death of Rosie Dollinger.

INTENDED USE OF THE APPRAISAL

The intended use of this appraisal is for estate purposes. It may also be used for asset management or asset sale purposes. It is not intended for any other use or users.

INTENDED USER OF THE APPRAISAL

The intended user of this report is Mr. Sean Dollinger.

EXTENT OF THE APPRAISAL

The scope of the appraisal required investigating sufficient data relative to the subject property to derive an opinion of value. The depth of the analysis was intended to be appropriate in relation to the significance of the appraisal problem. The appraiser has attempted to analyze the subject property as seen through the eyes of the hypothetical, "most probable" buyer.

Pete Doherty, MAI inspected the subject property on May 22, 2024. I was accompanied by Sean Dollinger (Owner) and was able to inspect the interior of the subject property. As of the effective date of value, the subject property was utilized as storage by the owner of record. Subsequent to the effective date of value, the subject was tenant occupied by an auto mechanic with a lease that began in late-2023.

The appraiser has researched public records, talked with the planning and zoning departments, confirmed taxes and assessments, and inspected the subject neighborhood. The subject's market area was also examined to determine existing and proposed inventory, demand and supply factors. The appraiser has researched, confirmed and analyzed the comparables within this report.

The appraisal report is intended to be an "appraisal assignment." That is, the intention was that the appraisal service was performed in such a manner that the results of the analysis, opinion or conclusion be that of a disinterested third party.

NATURE OF THE ASSIGNMENT (cont'd)**PROPERTY INTEREST APPRAISED**

Fee Simple

DATE OF THE REPORT

May 31, 2024

DATE OF THE "AS IS" VALUE

July 25, 2022

DEFINITIONS OF VALUE

Prospective Market Value (PMV) At Stabilized Occupancy and Income means a forecast of market value expected to occur at the estimated date of stabilized occupancy. This is the prospective market value of the property at a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy.

"As Is" Market Value means an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of the property inspection.

PROPERTY IDENTIFICATION

SUMMARY DESCRIPTION OF REAL ESTATE APPRAISED

Twenty South Linden Industrial Warehouse Condominiums Subject Property: 20 South Linden Avenue #6B South San Francisco, CA.	
Site Area (Entire Complex)	74,476
Acres (Entire Complex)	1.71
# of Buildings (Entire Complex)	2
# of Condominiums (Entire Complex)	12 Units
Improvements	
Type	Light Industrial Condominium
Year Built	1990
Gross Building Area (Per Public Records)	2,871 Sq. Ft.
# of Stories	1 Plus Storage Mezzanine
Parking	5 Spaces

ASSESSOR PARCEL NUMBER

The subject property is identified as San Mateo County Assessor Parcel No. 101-341-120.

LEGAL DESCRIPTION

A legal description was never reviewed by the appraiser. Therefore, the reported value within this report is contingent upon an accurate legal description that adequately identifies the subject property.

OWNER OF RECORD

According to the RealQuest Property Detail Report (see Addenda), the owner of the fee title is currently vested in:

Sean Dollinger

RECENT HISTORY

The subject property has been owned by the Dollinger Family for approximately 30 years. Based on a review of the MLS system as well as discussions with Sean Dollinger (Owner), the subject property was not on the market for sale as of the effective date of value. The appraiser is not aware of any outstanding offers or options for the subject property. In addition, the subject property has not transferred in the three years preceding the effective date of value.

AREA DESCRIPTION

SAN MATEO COUNTY

The subject property is located in the northern portion of San Mateo County. San Mateo County is one of the nine counties comprising the San Francisco Bay Area. It is bordered by San Francisco County (north); the Pacific Ocean (west); Santa Clara County (south); and Alameda County (east).

San Mateo County is the Bay Area's fifth largest County, behind Santa Clara, Alameda, Contra Costa and San Francisco Counties. The population of San Mateo County as of April 1, 2020 was 764,432, an increase of 6.4% (0.6%/year) over the April 2010 figure of 718,451. The population of San Mateo County as of July 2022 has declined to 729,181, a decrease of 4.6% since April of 2020. The unemployment rate for San Mateo County was 2.2% as of August 2022, compared to the State average of 4.1% for the same time period. The unemployment rate in San Mateo County has declined 150 basis points from September of 2021 (3.7%).

As of the effective date of the appraisal, San Mateo County appears to be moving forward with the end of the pandemic in sight, spurred on by the (3) vaccines approved by the FDA at the end of 2020 and the 1st Quarter of 2021. As of June 26, 2022, San Mateo County Health reported that 90.7% of the County population has been fully vaccinated. The short-term outlook for San Mateo County is positive as it appears that many of the sectors hurt by the pandemic have rebounded (compared to early-2020) and the San Francisco Bay Area appears to be near the end of the pandemic.

CITY OF SOUTH SAN FRANCISCO

The subject property is located in South San Francisco in northern San Mateo County. The San Francisco Bay (east); Brisbane (north); Daly City, Pacifica and Colma (west); San Bruno and the San Francisco International Airport (south) border South San Francisco. The population of South San Francisco as of April 1, 2020 was 66,097, similar to the April 2010 figure of 66,105. The population of South San Francisco as of July 2022 has declined to 63,484, a decrease of 4.0% since April of 2020. South San Francisco is the fourth largest City in San Mateo County behind Daly City, San Mateo and Redwood City.

South San Francisco has the largest concentration of industrial space on the San Francisco Peninsula. The newer industrial and commercial developments can be found to the east of Highway 101 and have incorporated the biotech, life science, office and tourism industries. The older industrial development (subject property) is generally located just west of Highway 101.

LOCATION MAP

Borrower:

File No.:

Property Address: 20 SOUTH LINDEN AVENUE, #6B

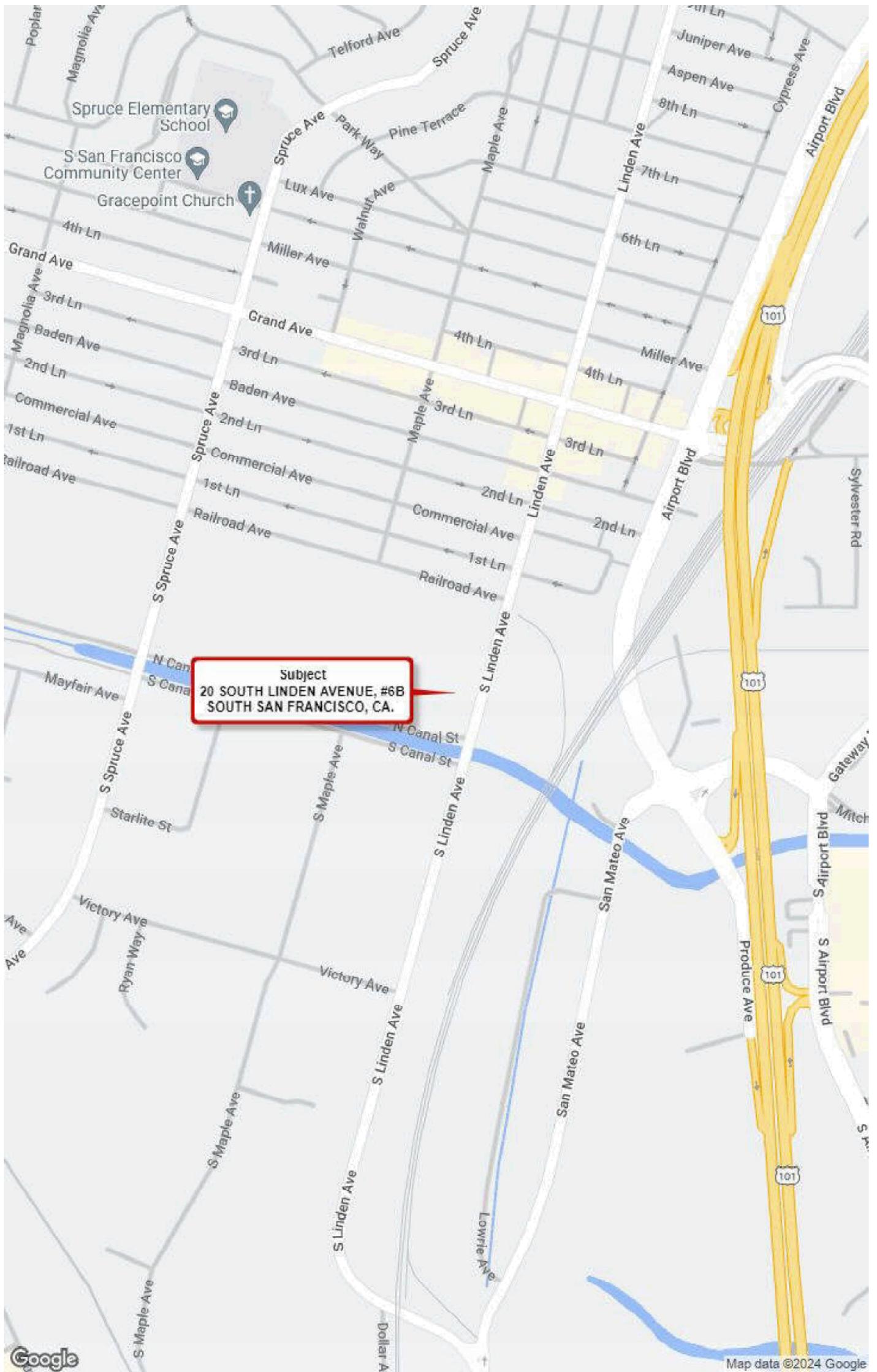
Case No.:

City: SOUTH SAN FRANCISCO

State: CA.

Zip:

Lender:

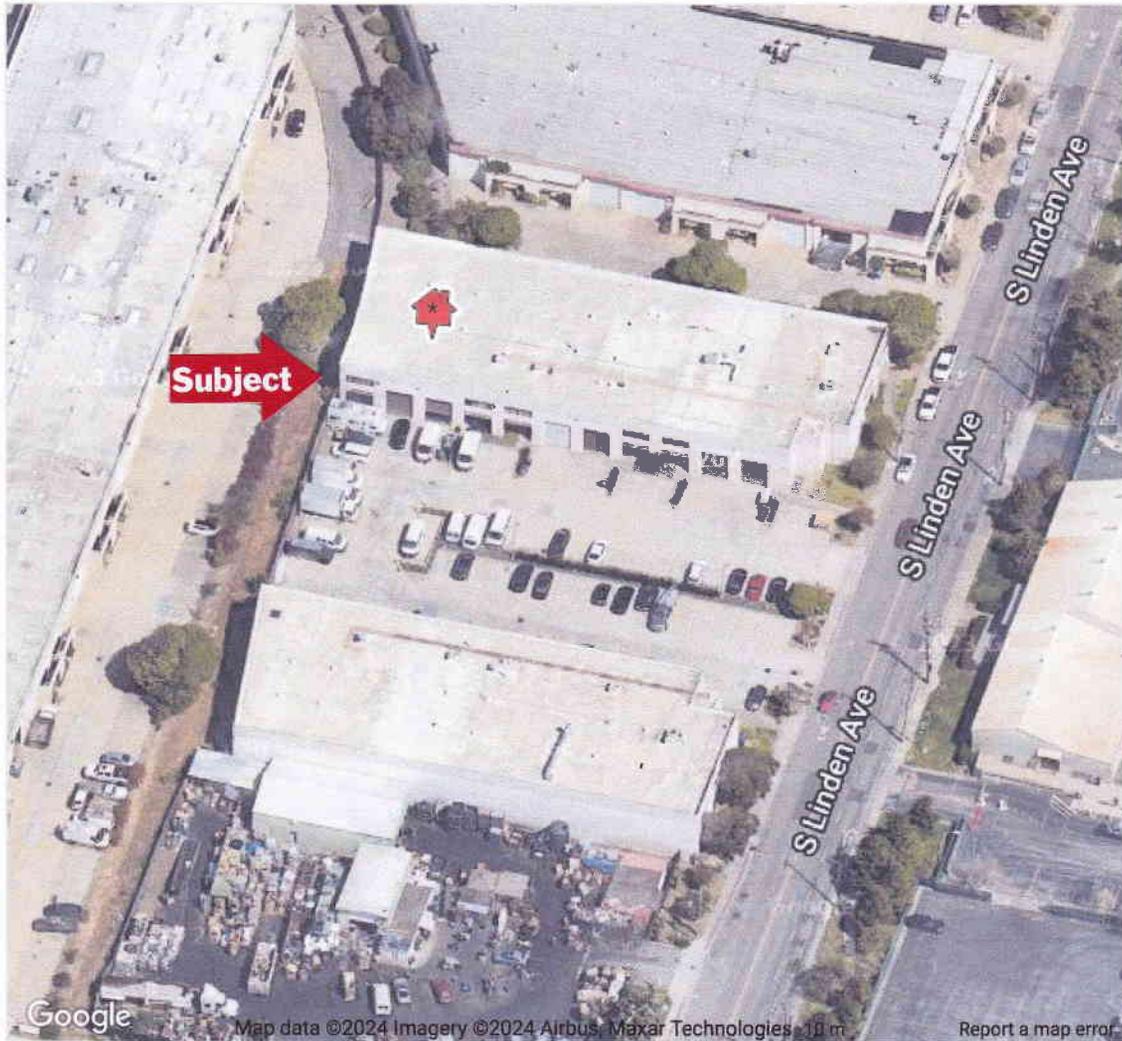


Street Map Plus Report

For Property Located At



20 S LINDEN AVE 6B, SOUTH SAN FRANCISCO, CA 94080-6424



NEIGHBORHOOD DESCRIPTION

GENERAL OVERVIEW

The subject property is located in the older industrial area of South San Francisco, west of Highway 101. For purposes of this appraisal, the boundaries of the subject neighborhood are Railroad Avenue (north); South Spruce Avenue (west); the San Bruno city limits (south); and Highway 101 (east).

LAND USES

Land uses in the subject neighborhood are primarily industrial oriented with a blend of warehouse, manufacturing, and light industrial. There are more service commercial uses located along South Spruce and South Linden Avenues. The majority of the properties in the subject neighborhood were built between 1950 and 1970 and exhibit average quality construction and fair to average condition. The subject neighborhood is generally recognized as the older industrial area of South San Francisco, compared to the newer industrial area east of Highway 101. The major difference between these two distinct areas is that the newer section has more business and industrial parks, wider streets, and larger sized parcels.

Directly north of the subject complex on the western line of South Linden Avenue is a single-story, multi-tenant light industrial condominium complex with (11) units identified as 6 South Linden Avenue. East of the subject complex on the opposite side of South Linden Avenue are (2) metal industrial buildings as well as a large amount of surplus land used for parking. Directly south of the subject complex at the northwest corner of South Linden Avenue and North Canal Street is a recycling yard. Directly west of the subject complex is the rear of a single-story, multi-tenant light industrial condominium complex with frontage on North Canal Street.

The subject neighborhood has good access from all of the highways and freeways serving the northern portion of San Mateo County. Highway 101 is located within $\frac{1}{2}$ of a mile from the subject property and has on and off ramps at South Airport Boulevard and East Grand Avenue. Highway 101 provides a direct link between San Francisco (5 miles north) and Silicon Valley (40 miles south). Interstate 380 is located one mile south of the subject property and provides convenient access to Interstate 280 and Highway 35 in the western portion of the County. The downtown retail district of South San Francisco is centered along Grand Avenue, $\frac{1}{4}$ of a mile north of the subject property.

CONCLUSION

In summary, the subject neighborhood is located in the older, established industrial area west of Highway 101 in South San Francisco. The subject neighborhood has average tenant appeal to a wide variety of users, including warehouse, light industrial and manufacturing. The subject's current use as a light industrial condominium conforms to the overall makeup of the subject neighborhood.

MARKET OVERVIEW

BRIEF OVERVIEW

The subject property consists of a light industrial condominium located in the Twenty South Linden Industrial Warehouse Condominiums. This complex consists of (2) single-story buildings with (12) “flex” type condominiums that were built in 1990. The subject unit is 2,871 square feet and has five dedicated parking spaces.

SUPPLY/DEMAND:

The following information is based on a Costar Trend Report from January of 2020 through July of 2022. The data represents sales of industrial and flex condominiums up to 10,000 square feet that have sold in San Mateo and Santa Clara Counties. Supporting documentation can be seen on the following pages.

<i>Time Period</i>	<i>2020</i>	<i>2021</i>	<i>2022 (Through July)</i>
# of Transactions	21	25	33
Average Price/SF	\$325-\$348	\$388-\$391	\$502-\$542
Median Price/SF	\$322-\$343	\$388-\$400	\$433-\$485
Capitalization Rate	Not Reported	Not Reported	5.80%

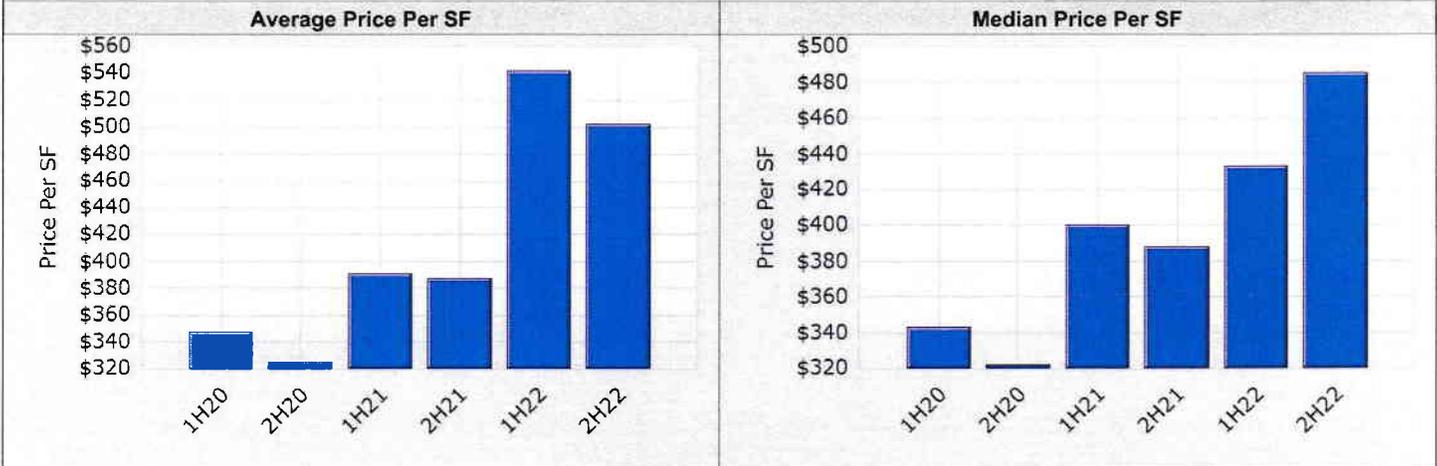
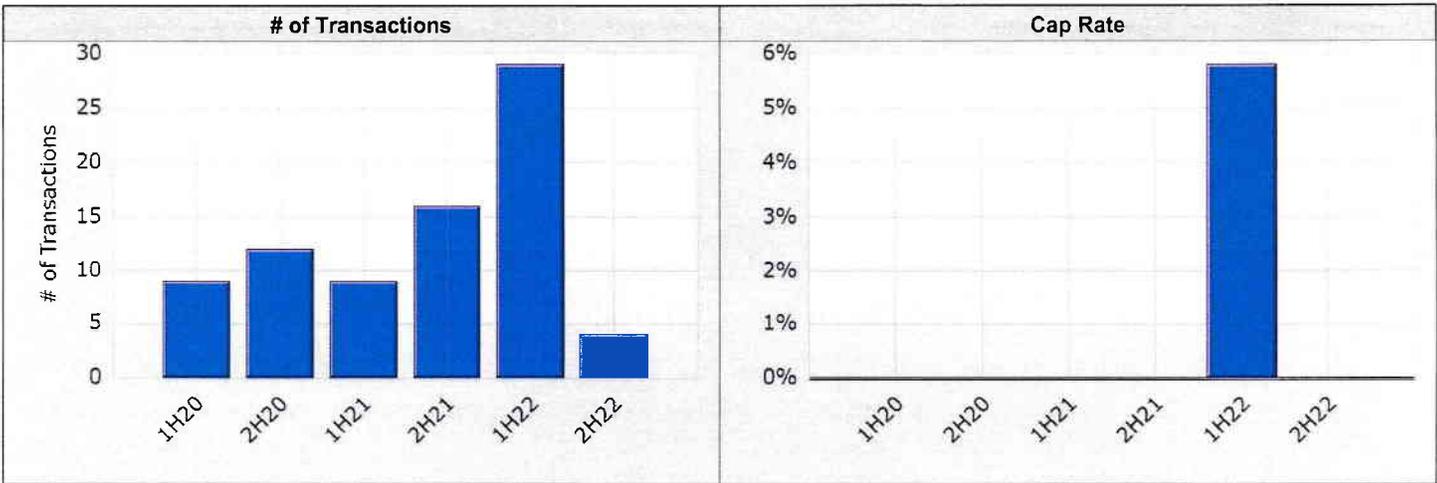
The number of transactions in 2020 and 2021 were relatively consistent and ranged from 21 to 25. The 2022 figures improved dramatically to 33 through seven months. The 2023 year to date figures, if annualized (57) fall well above where they were in 2020-2021, likely due to the economy emerging from the COVID-19 Pandemic.

The Average Price Per Square Foot in 2020 ranged from \$325 to \$348 per square foot. In 2021, this indicator improved and ranged from \$388 to \$391 per square foot. The 2022 figures through July increased significantly and ranged from \$502 to \$542 per square foot.

The Median Price Per Square Foot followed the same pattern as the Average Price Per Square Foot. This indicator in 2020 ranged from \$322 to \$343 per square foot, and increased in 2021 to a range from \$388 to \$400 per square foot. Again, this indicator continued its upward trend though July of 2022 and ranged from \$433 to \$485 per square foot.

Capitalization rates were not reported in 5 of the 6 semi-annual periods due to the fact that most of these flex and industrial condominiums are purchased by users. The only period where an average capitalization rate came up was in the 1st half of 2022 at an average of 5.80%.

Trend Report



Legend:		Report Time Frame: 1/1/2020 - 5/20/2024	
Current Survey		Sale Date: from 1/1/2020	
Time Interval - SemiAnnual		Sold Transactions	
Sold Transactions	■	Number of Transactions	79
		Total Dollar Volume	\$131,264,414
		Total Bldg Square Feet	281,959
		Total Land in Acres	-
		Total Land in SF	-
		Average Price	\$1,661,575
		Average Number of SF	3,759
		Average Price Per Bldg SF	\$429.52
		Median Price Per SF	\$395.37
		Average Number of Acres	-
		Average Number of SF(Land)	-
		Average Price Per Unit	-
		Median Price Per Unit	-
		Average Number of Units	-
		Actual Cap Rate	5.80%

Survey Criteria

basic criteria: Type of Property - **Industrial, Flex**; Property Size - **up to 10,000 SF**; Sale Date - **from 1/1/2020**; Sale Status - **Sold**; - **Include Only Condo Sales**; Return and Search on Portfolio Sales as Individual Properties - **No**; Exclude Non-Arms Length Comps - **Yes**; - **Exclude All Public Record Sales**

additional criteria: - * **This result set has been amended with criteria to add and/or remove records.**

Trend Report

	1H20 01/1-6/30/20	2H20 07/1-12/31/20	1H21 01/1-6/30/21	2H21 07/1-12/31/21
	Sold Transaction	Sold Transaction	Sold Transaction	Sold Transaction
Number of Transactions	9	12	9	16
Total Dollar Volume	\$12,196,000	\$15,368,000	\$12,782,000	\$23,218,745
Total Bldg Square Feet	35,012	47,232	32,677	59,902
Total Land in Acres	-	-	-	-
Total Land in SF	-	-	-	-
Average Price	\$1,355,111	\$1,280,667	\$1,420,222	\$1,451,172
Average Number of SF	3,890	3,936	3,631	3,744
Average Price Per Bldg SF	\$348.34	\$325.37	\$391.16	\$387.61
Median Price Per SF	\$343.29	\$321.80	\$400.00	\$387.97
Average Number of Acres	-	-	-	-
Average Number of SF(Land)	-	-	-	-
Average Price Per Unit	-	-	-	-
Median Price Per Unit	-	-	-	-
Average Number of Units	-	-	-	-
Actual Cap Rate	-	-	-	-

	1H22 01/1-6/30/22	2H22 07/1-12/31/22		
	Sold Transaction	Sold Transaction		
Number of Transactions	29	4		
Total Dollar Volume	\$61,243,669	\$6,456,000		
Total Bldg Square Feet	94,287	12,849		
Total Land in Acres	-	-		
Total Land in SF	-	-		
Average Price	\$2,111,851	\$1,614,000		
Average Number of SF	3,771	3,212		
Average Price Per Bldg SF	\$541.82	\$502.45		
Median Price Per SF	\$433.33	\$485.33		
Average Number of Acres	-	-		
Average Number of SF(Land)	-	-		
Average Price Per Unit	-	-		
Median Price Per Unit	-	-		
Average Number of Units	-	-		
Actual Cap Rate	5.80%	-		

MARKET OVERVIEW (cont'd)

COVID-19 OUTBREAK

The COVID-19 Pandemic officially began on March 17, 2020 when the Governor of California issued stay at home orders for all residents. The exceptions were grocery stores, banks, take/out and delivery restaurants, pharmacies, laundry services and essential state and local government, i.e. police, fire, etc.

The onset of the corona virus pandemic damaged leasing activity across all major property types in Northern California's Bay Area, with the population largely staying at home and job losses reaching unprecedented levels around the country. Economic activity had come to a near standstill during the 2nd and 3rd Quarters of 2020.

Office properties were largely empty, the economic downturn hit the retail sector particularly hard, and some apartment renters were struggling to make their payments. There was serious uncertainty facing the future progress of commercial businesses and the properties they occupy as the country faced continued economic uncertainty.

In addition, companies began to reassess future space needs and real estate expansion plans. Many firms looked at vastly expanded work-from-home models. Tech companies like Google, Facebook (Meta), Amazon and Microsoft announced plans to allow employees to work from home through much of the pandemic, and Twitter CEO Jack Dorsey announced that many of his employees would be able to work from home permanently. While it remains to be seen just how prevalent adoption of work-from-home models could become, the trend does present a serious headwind for office demand.

FEDERAL FUNDS RATE TRENDS

As of the effective date of value, i.e. July 25, 2022, the Federal Reserve has moved their Federal Funds Rate three times in 2022 as seen on the table below. Prior to the beginning of 2022, the Federal Funds Rate was zero.

<i>Date</i>	<i>Rate Change</i>	<i>Federal Funds Rate</i>
June 16, 2022	+75 Basis Points	1.50%-1.75%
May 5, 2022	+50 Basis Points	0.75%-1.00%
March 17, 2022	+25 Basis Points	0.25%-0.50%

MARKET OVERVIEW (cont'd)

The move by the Federal Reserve to increase their Federal Funds Rate is primarily motivated to contain the inflation as the economy appears to be entering a recession. There has been some concern that they will also make further adjustments in 2022 if the inflation does not come under control. The effect of the Federal Reserve increasing the Federal Funds Rate has on commercial real estate is negative as investors and buyers will likely see higher interest rates when they buy or refinance their transactions. I have talked with several brokers who have reported that these rate increases are likely to change buyer's attitudes (negatively) towards acquiring commercial properties noting that interest rates are on the rise and could go higher in the next 12 months.

2023 INVESTMENT OUTLOOK: SAN FRANCISCO BAY AREA

The economy is facing significant challenges as it copes with high inflation, rapidly rising interest rates and regional bank failures. These factors are putting a strain on the economy and causing significant uncertainty for businesses and investors alike. The Federal Reserve has been taking action to combat the rising inflation by raising interest rates, but this has put pressure on businesses, consumers and investors, who are now facing higher borrowing costs.

Adding to these challenges, several regional banks have failed, creating a ripple effect that has disrupted the flow of credit and liquidity in the markets. This has made it more difficult for businesses and individuals to access financing, further impeding economic growth and leaving many wondering whether other banks are also at risk.

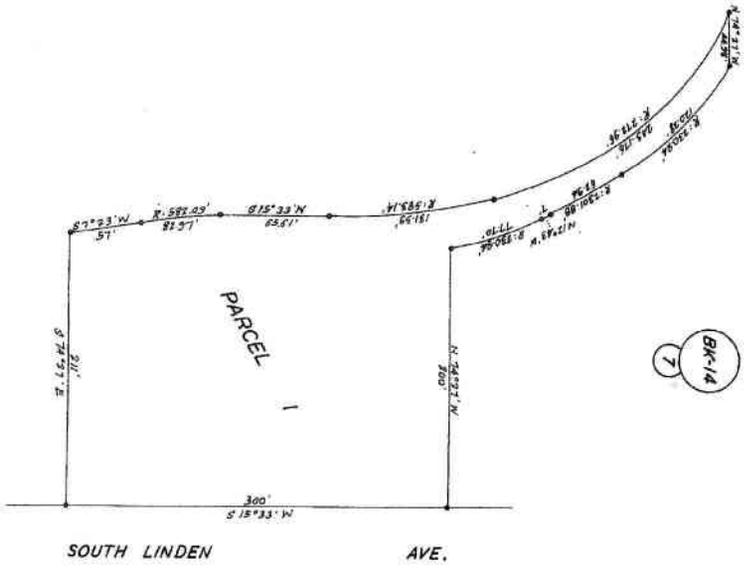
CONCLUSION

The subject property represents a single-story, light industrial condominium located in the Twenty South Linden Industrial Warehouse Condominiums. This complex consists of (2) single-story buildings with (12) light industrial condominiums that were built in 1990. The subject unit is 2,871 square feet and has five dedicated parking spaces.

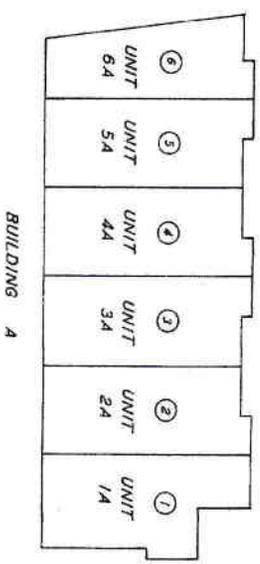
According to Costar, the Average and Median Price Per Square Foot indicators for industrial and flex condominiums in Santa Clara and San Mateo Counties up to 10,000 square feet has shown steady growth in calendar year 2020 and 2021. Surprisingly, transactions are up through the first seven months of 2023. In addition, the Average and Median Price Per Square Foot indicators have shown a steady upward trend since 2020 even though interest rates appear to be on their way up.

The short-term outlook for the market over the next twelve months is one of caution given the inflation (40-year high), supply constraints and global issues. There are obvious signs of interest rates heading upward which would negatively impact values. In addition, many experts have acknowledged that the economy is heading towards a recession, defined as two consecutive quarters of negative GDP.

Plat Map



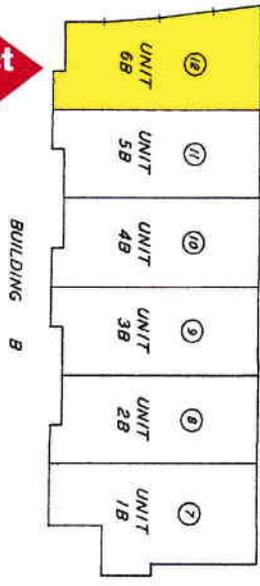
ML
 ASSESSOR'S MAP COUNTY OF SAN MATEO, CALIF.
 TWENTY SOUTH LINDEN INDUSTRIAL WAREHOUSE CONDOMINIUMS 91010068



BUILDING A

UNIT NO.	% INT. IN COM. AREA
1A	6.45
2A	6.35
3A	6.35
4A	6.35
5A	6.35
6A	6.87
1B	5.21
2B	6.35
3B	6.35
4B	6.35
5B	6.35
6B	6.97

Subject



BUILDING B

341

TAX CODE AREA _____

101-34

NOT TO SCALE



Flood Map Report

For Property Located At



20 S LINDEN AVE 6B, SOUTH SAN FRANCISCO, CA 94080-6424

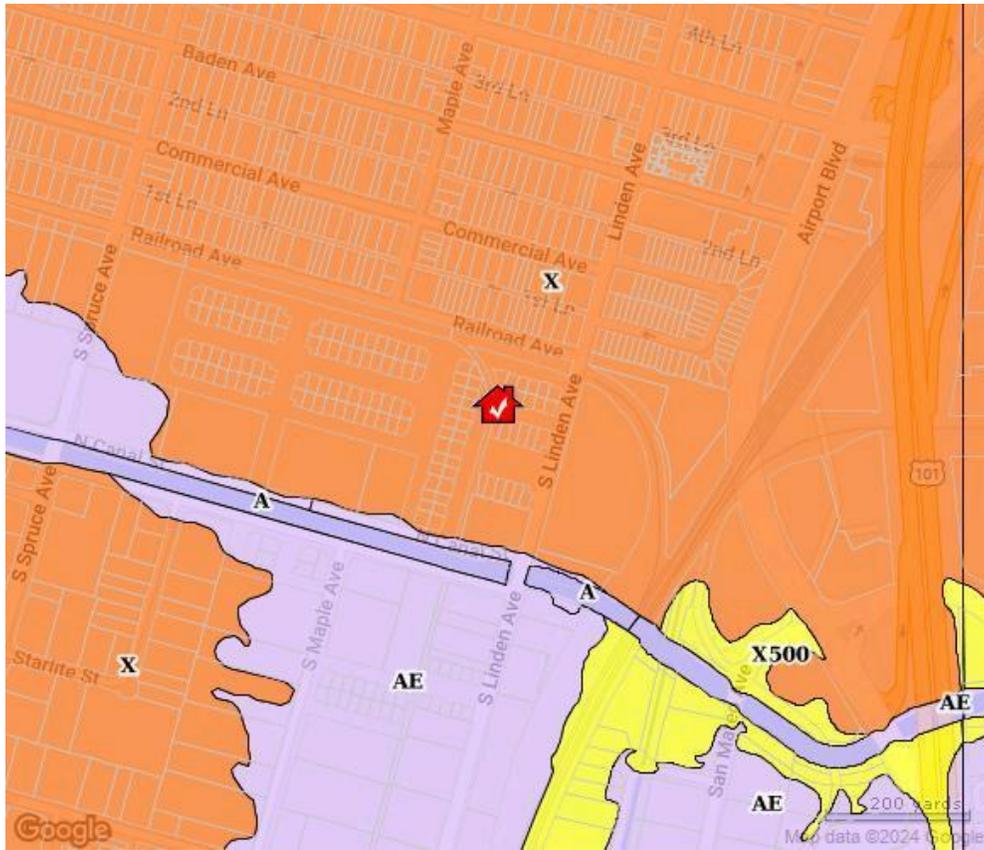
Report Date: 05/10/2024

County: SAN MATEO, CA

Flood Zone Code	Flood Zone Panel	Panel Date
X	065062 - 06081C0043F	04/05/2019
Special Flood Hazard Area (SFHA)	Within 250 ft. of multiple flood zones?	Community Name
Out	No	SOUTH SAN FRANCISCO

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.



Flood Zones			
Coastal 100-year Floodway	100-year Floodway	Undetermined	500-year Floodplain incl. levee protected area
Coastal 100-year Floodplain	100-year Floodplain	Unknown or Area Not Included	Out of Special Flood Hazard Area

Disclaimer of Use

This map/report was produced using multiple sources. It is provided for informational purposes only. This map/report should not be relied upon by any third parties. It is not intended to satisfy any regulatory guidelines and should not be used for this or any other purpose.

SITE DESCRIPTION

BRIEF OVERVIEW

The subject property consists of a light industrial condominium located in Building B of the Twenty South Linden Industrial Warehouse Condominiums. In its entirety, this complex consists of (2) single-story story condominium buildings with common areas situated on approximately 1.71 acres. There are a total of 12 “flex” type condominiums in the subject complex.

LOT SIZE

Typically, condominiums do not indicate any lot area since they are shared with other owners in the building. In the subject’s case, Public Records does not indicate the lot area for the subject unit.

SOIL CONDITIONS

The appraiser did not review any environmental report for the subject property. The reported value within this report assumes the soils are clear of any contamination. Please see the Assumptions and Limiting Conditions at the beginning of this report.

PUBLIC IMPROVEMENTS & ACCESS

The subject complex is accessed from the western line of South Linden Avenue. There are likely non-exclusive easements over and through the common area of the Park for ingress and egress. Access is considered adequate.

South Linden Avenue is a light to moderately traveled two-lane, two-way undivided street with street parking allowed on both sides of the street. South Linden Avenue is asphalt paved with curbs, gutters and sidewalks. The subject site is level and at street grade with South Linden Avenue and the entire project.

UTILITIES

All utilities necessary for the subject's current use are at the site and include water, gas, electric and sewer.

EASEMENTS AND ENCROACHMENTS

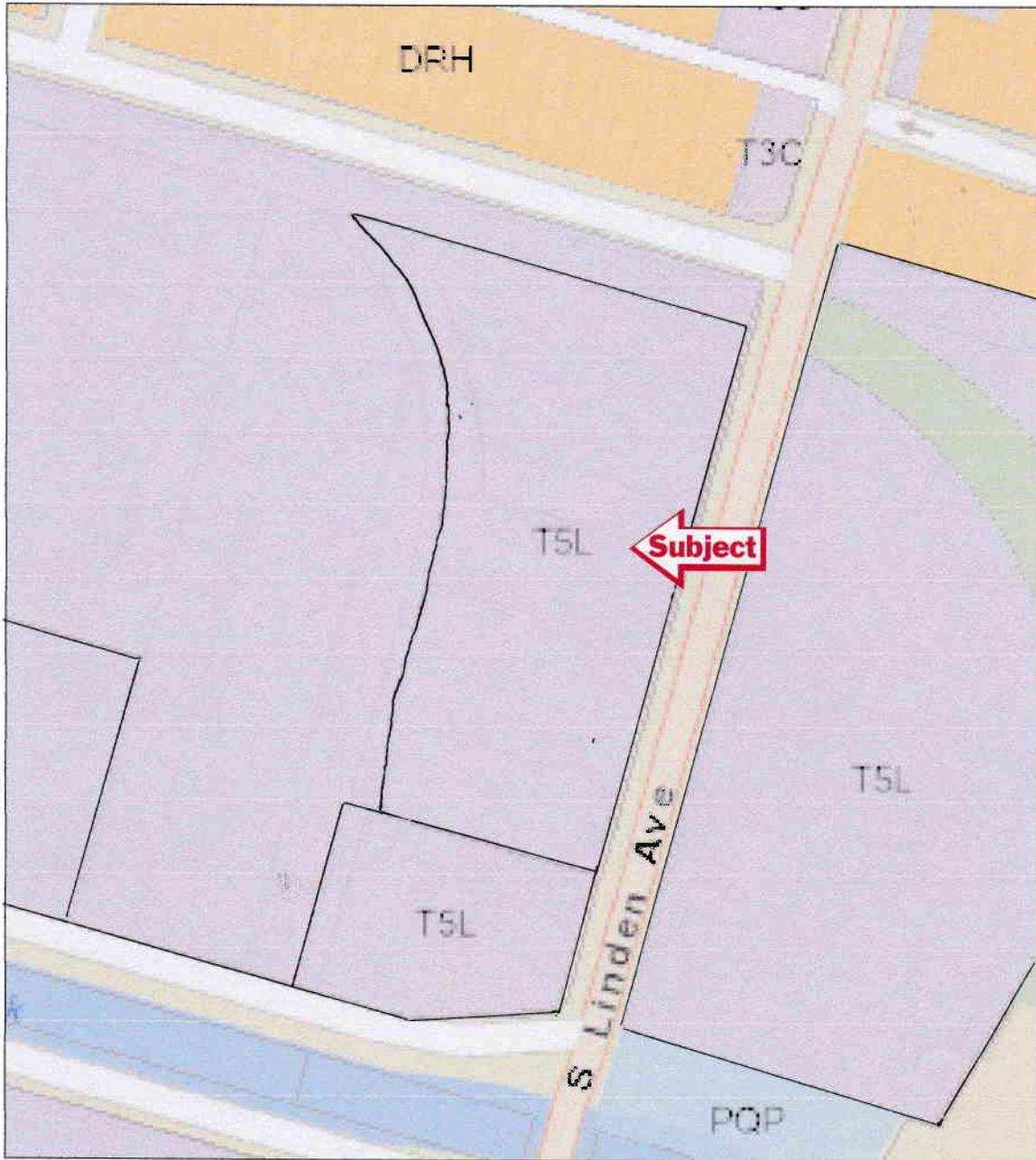
A Preliminary Title Report was never reviewed by the appraiser. This appraisal assumes that there are no easements that would impact the subject's marketability. No encroachments were noted at the time of inspection.

FLOOD ZONE

According to the FEMA Maps, the subject site is not located within a special flood hazard area (SFHA). The source of this information comes from the FEMA Maps.

Zoning Map

20 South Linden Avenue, #6B, South San Francisco



T5L - Lindenville Specific Plan

SITE DESCRIPTION (cont'd)

EARTHQUAKE & FAULT LINES

Pursuant to the Alquist-Priolo Act, the subject property is not within a special studies zone for earthquakes.

HOMEOWNERS FEE

The subject unit is assessed monthly association fees. Monthly dues according to the owner are \$413.58 per month. This covers building insurance, common area maintenance and landscaping, as well as common area utility, water and trash.

ZONING

According to the City of South San Francisco, the subject property is zoned T5L-Lindenville Specific Plan. Permitted uses include but are not limited to multi-family residential and “flex” type buildings. Additional development standards are summarized on the following table. The existing improvements (see next section) were built prior to the establishment of this zoning and represent a legal and conforming use.

T5L ZONING DISTRICT	
Residential Density	80-140 Units/Acre
FAR	
Residential	1.50-3.75
Commercial	0.50 Maximum
Maximum Building Height	65 feet
Parking	
Indoor Warehousing/Storage	1 space per 2,000 square feet of area up to 10,000 square feet plus 1 space per 300 square feet of office.

CURRENT ASSESSED VALUES AND REAL ESTATE TAXES

The subject’s 2022-2023 assessed values are as follows:

APN	101-341-120
Land	\$204,196
Improvements	\$204,196
Total	\$408,392
Taxes	\$5,105.22
Tax Rate	1.0499%

SPECIAL ASSESSMENTS

The real estate taxes include five special assessments that total \$817.52. A copy of these assessments can be seen in the Addenda of the report.

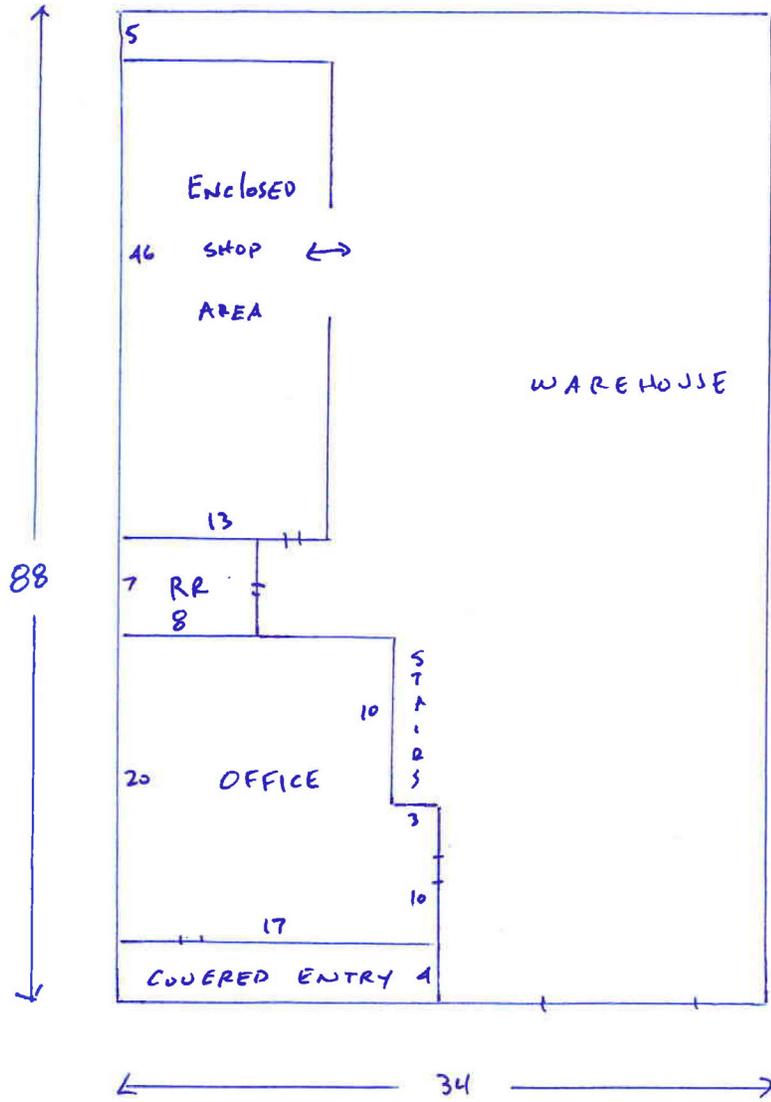
SITE DESCRIPTION (cont'd)**SUMMARY**

The subject property represents one of twelve (12) “flex” type condominiums in the Twenty South Linden Industrial Warehouse Condominiums that are situated on 1.71 acres of land on South Linden Avenue in South San Francisco. The subject unit (1 of 6 condominiums) is located at the northwest corner of Building “B”. Overall, the functional utility of the subject unit is felt to be average in comparison to the market due to its orientation at the rear of the building furthest from South Linden Avenue.

SUBJECT PROPERTY



SITE PLAN



GBA

$$88 \times 34 = 2,992$$

$$17 \times 4 < 68 >$$

Total 2,924 ϕ

OFFICE

$$20 \times 17 = 340$$

$$10 \times 3 < 30 >$$

$$8 \times 7 = 56$$

366 ϕ (13%)

IMPROVEMENT DESCRIPTION

GENERAL

The subject property consists of a single-story light industrial condominium (with a partial level of storage mezzanine) that was built in 1990. According to Public Records, the square footage of the subject condominium is 2,871 square feet.

EXTERIOR DESCRIPTION

The subject property is constructed of concrete tilt up panels over reinforced concrete footings and foundations. The southwest corner of the unit is inset from the building and has 8-foot glass panels in bronze anodized frames. The southeast corner of the unit has a metal rollup door that accesses the warehouse. The built up roof is flat. I did not inspect the roof but it is believed to have a rolled composition surface.

UNIT AREA

Based on my measurements, the gross area of the subject unit is 2,924 square feet. This is very similar to the area in Public Records of 2,871 square feet. For purposes of this appraisal, I will use the area in Public Records throughout the report.

FLOOR PLANS

The main entry to the subject unit is accessed from the southwest corner of the unit. The interior is built out with finished office space (366 Sq. Ft. or 13%) and warehouse. The warehouse area forms an "L" shape around the single private office and restroom (ADA). The mezzanine area is situated above the finished office space and enclosed shop area on the ground level and is accessible via a set of wooden stairs adjacent to the office. The storage mezzanine area is not finished and/or is in poor condition with a ceiling height of approximately 7 feet. This area has not been included in the building area but is considered to be an amenity for any user.

INTERIOR DESCRIPTION

Finishes in the office space consist of tile, carpet and vinyl (restroom) flooring; painted sheetrock walls and ceilings. The interior clear height is approximately 8 feet.

An enclosed shop area is located at the northwest corner of the warehouse and is minimally improved with concrete slab floors; painted concrete tilt up panel and sheetrock walls; and a painted sheetrock ceiling with shop lights. As of my inspection, a portion of the sheetrock separating this area from the warehouse was punched out and never reframed properly.

Finishes in the warehouse include concrete slab floors; concrete tilt up panels; painted sheetrock walls; and an exposed ceiling with wood trusses and sodium vapor lights. The interior clear height of the warehouse is 22 feet.

IMPROVEMENT DESCRIPTION (cont'd)**MECHANICAL**

The subject's unit has heat provided by a rooftop package unit. Plumbing and electrical (225 AMP's) are typical of the market. There are fire sprinklers throughout the entire unit.

SITE IMPROVEMENTS

There are 5 dedicated parking spaces located near the main entrance at the northwest corner of the entire site. This amounts to a parking ratio of 1.74 spaces per 1,000 square feet of building area. Additional site improvements that are in front of the subject unit include concrete walkways and asphalt driveways.

CONDITION/DEFERRED MAINTENANCE

The subject property was built in 1990 and is considered to be in average condition for the market with no major signs of deferred maintenance.

CONCLUSION

The subject property consists of a single-story "flex" type condominium situated within Building B of the Twenty South Linden Industrial Warehouse Condominiums in South San Francisco. This complex consists of (2) single-story buildings with a total of (12) "flex" type condominiums. The subject unit was built in 1990 and contains 2,871 square feet with five dedicated parking spaces. The improvements are in average condition for the market with no major signs of deferred maintenance.

ANALYSIS & VALUATION INTRODUCTION

Analysis and valuation of the subject property involves determining the highest and best use of the site, estimating the value of the subject by current appraisal theory, and reconciling to a final estimate of value. The first step in valuation and analysis of the subject is determining the highest and best use of the site. Two types of analyses were made in determining the highest and best use. The first is highest and best use of the site as vacant; the second is highest and best use as improved.

Three approaches to value form the foundation for current appraisal theory: The Cost Approach, The Sales Comparison Approach and The Income Approach.

The Cost Approach - is based upon the principle that the informed purchaser would pay no more than the cost to produce a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and which no comparable properties exist on the market.

The Sales Comparison Approach - utilizes the prices paid in actual market transactions of similar properties to estimate the value of the subject. This appraisal technique is dependent upon utilizing truly comparable sales data, which have occurred near enough in time to reflect market conditions relative to the time period of the subject appraisal.

The Income Capitalization Approach - is widely applied in appraising income-producing properties. Anticipated present and future net operating income, as well as any future reversions, are discounted to a present worth figure through the capitalization process. This approach also relies upon market data to establish current market rents and expense levels to arrive at an expected net operating income.

The resulting indications of value from the three approaches are correlated into a final estimate of value for the subject property. It is not always possible or practical to use all three approaches to value. In arriving at the "As Is" market value, the Sales Comparison and Income Approaches were utilized. The Cost Approach was not utilized due to the fact that the subject condominium is located in a single-story building with 5 other condominiums.

HIGHEST & BEST USE ANALYSIS

DEFINITION

The term "*Highest and Best Use*" as used in this report, is defined as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

HIGHEST AND BEST USE AS VACANT

PHYSICALLY POSSIBLE: From a physical perspective, the subject site is part of a condominium complex situated on 1.71 acres of land. No land area was recognized on Public Records. However, assuming the building area is equal to the land area, there would be 2,871 square feet of land. The subject unit is located at the northwest corner of the parcel. Immediate uses in the area include "flex" condominiums and industrial buildings.

LEGALLY PERMISSIBLE: The subject property is zoned "T5L". Permitted uses include but are not limited to multi-family residential and "flex" type buildings. Any development would need to adhere to the existing zoning.

FINANCIALLY FEASIBLE & MAXIMALLY PRODUCTIVE: Up to this point, the uses that pass the first two tests are flex and residential. The outlook for the flex type product or condominiums in the immediate area appears to be stable. Based on the above, it appears that a flex type condominium project is financially feasible and maximally productive at this time.

CONCLUSION: The highest and best use of the site as vacant is for development of a flex type condominium development.

HIGHEST & BEST USE AS IMPROVED

The subject property consists of a light industrial condominium situated within Building B of the Twenty South Linden Industrial Warehouse Condominiums in South San Francisco. This complex consists of (2) single-story buildings with a total of (12) "flex" type condominiums. The subject unit was built in 1990 and contains 2,871 square feet with five dedicated parking spaces. The improvements are in average condition for the market with no major signs of deferred maintenance. Given the above, the highest and best use as improved is the continued use as a light industrial condominium.

SALES COMPARISON APPROACH

The Sales Comparison Approach is the process in which a market value estimate is derived by analyzing the market for similar properties and comparing these properties to the subject property. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties.

The Sales Comparison Approach is applicable to all types of real property interests when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market. For property types that are bought and sold regularly, the Sales Comparison Approach often provides a supportable indication of market value. When the market is weak and the number of market transactions is insufficient, the applicability of the Sales Comparison Approach may be limited.

The first step in the Sales Comparison Approach is to research the market for information on sales transactions, listings, and offers involving properties that are similar to the subject property. The second and third steps include verifying the information and selecting the relevant units of comparison. The fourth step includes comparing the comparables with the subject property using the elements of comparison. The final step includes reconciling the various value indications into a single value indication or a range of values.

Typically, comparison may be on one of several various units, for example: price per square foot of improvements, price per unit, gross income multiple (GIM). The subject property is a “flex” type condominium. I have considered the price per square foot of improvements as the best economic indicator since it is felt to best represent how a buyer and seller would value the subject property.

The referenced comparison measures are derived as follows:

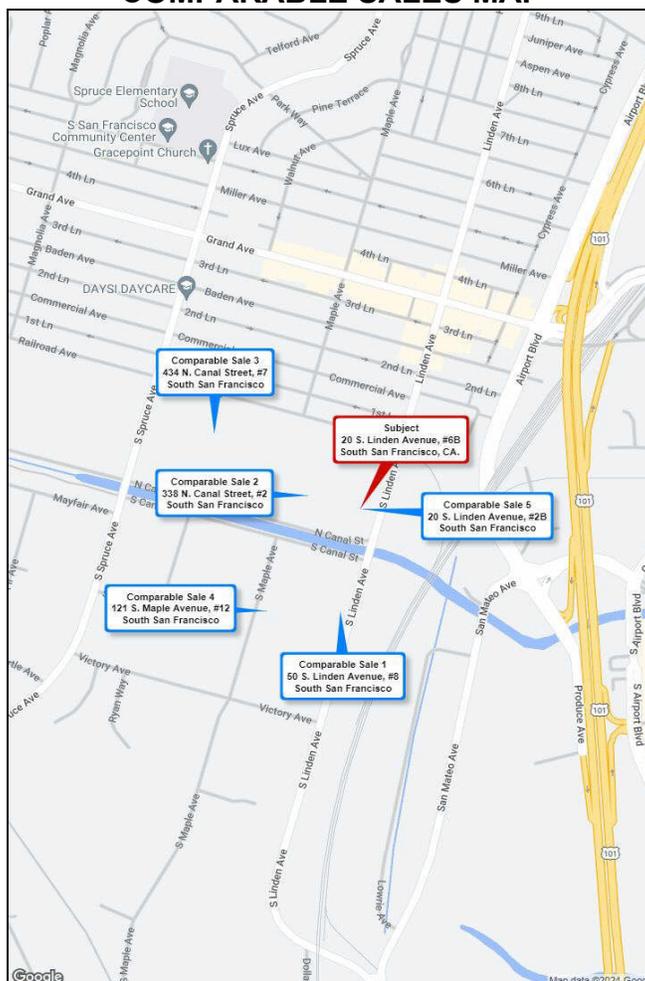
<u>Sales Price</u>	Price Per
Square Footage	Square Foot

The following pages contain a summary table and location map of the sale comparables that were felt to be the best available comparables. A detailed discussion of each comparable as well as the Price Per Square Foot analysis follows the table.

SUMMARY OF BUILDING SALES
Appraisal of 20 South Linden Avenue #6B
South San Francisco, CA.

No.	Location	Sale Date	Size (SF)	Sale Price	Price/Sq. Ft.
1.	50 South Linden Avenue #8 South San Francisco	5/22	2,200	\$1,450,000	\$659
2.	338 North Canal Street #2 South San Francisco	12/21	2,837	\$1,290,000	\$455
3.	434 North Canal Street #7 South San Francisco	11/21	2,550	\$1,475,000	\$578
4.	121 South Maple Avenue #12 South San Francisco	4/21	2,520	\$1,008,000	\$400
5.	20 South Linden Avenue #2B South San Francisco	9/20	2,716	\$1,000,000	\$368
Sub	20 South Linden Avenue #6B South San Francisco		2,871		

COMPARABLE SALES MAP



SALE NO. 1**50 SOUTH LINDEN AVENUE #8, SOUTH SAN FRANCISCO**

A.P.N.:	100-970-090	Year Built:	1982
Prox. to Subject:	1 block south	Condition:	Average
Seller:	Denol	Land Area:	N/A-Condo
Buyer:	Vajk	Sale Price:	\$1,450,000
Sale Date:	5/5/2022	Price Per Sq. Ft.:	\$659
Area:	2,200 Sq. Ft.	Parking:	3 Spaces

Comments: This comparable is located in the Linden Avenue Business Center, west of Highway 101 in South San Francisco. Interior orientation with one grade level door, 18 foot clear height and a 10% office buildout. Average condition. Property sold in May of 2022 for \$1,450,000 in an all cash transaction. Purchased by a medical type user in an off market transaction.

SALE NO. 2**338 NORTH CANAL STREET #2, SOUTH SAN FRANCISCO**

A.P.N.:	100-990-020	Year Built:	1986
Prox. to Subject:	1 block west	Condition:	Average
Seller:	Schwartz Trust	Land Area:	N/A-Condo
Buyer:	Top Shelf Group LLC	Sale Price:	\$1,290,000
Sale Date:	12/30/2021	Price Per Sq. Ft.:	\$455
Area:	2,837 Sq. Ft.	Parking:	5 Spaces

Comments: This comparable is located west of the subject property in the Spruce Business Park in South San Francisco. Corner orientation with exposure to North Canal Street. One grade level door, 22 foot clear height and a 10% office buildout. Average condition. Property was originally marketed at \$1,438,000 in mid-2020. All cash sale. Purchased by a user.

SALE NO. 3**434 NORTH CANAL STREET #7, SOUTH SAN FRANCISCO**

A.P.N.:	102-271-070	Year Built:	1989
Prox. to Subject:	2 blocks west	Condition:	Average
Seller:	Samucha	Land Area:	N/A-Condo
Buyer:	Port Meadow Properties	Sale Price:	\$1,475,000
Sale Date:	11/30/2021	Price Per Sq. Ft.:	\$578
Area:	2,550 Sq. Ft.	Parking:	7 Spaces

Comments: This comparable is located west of the subject property in the Spruce Business Park in South San Francisco. Interior orientation, one grade level door, 20 foot clear height, sprinklered, full kitchen and a 50% office buildout (recently renovated). Good condition. Property was originally marketed at \$1,500,000 in late-2019. All cash sale. Purchased by a user.

SALE NO. 4**121 SOUTH MAPLE AVENUE #12, SOUTH SAN FRANCISCO**

A.P.N.:	101-300-120	Year Built:	1978
Prox. to Subject:	2 blocks southwest	Condition:	Average
Seller:	Flodr Family Trust	Land Area:	N/A-Condo
Buyer:	Huang	Sale Price:	\$1,008,000
Sale Date:	4/6/2021	Price Per Sq. Ft.:	\$400
Area:	2,520 Sq. Ft.	Parking:	3 Spaces

Comments: This comparable is located in the South Maple Avenue Condominium complex, two blocks southwest of the subject property. Interior orientation with one grade level door, 18 foot clear height and a 12% office buildout. Average condition. Property sold in 14 days at the list price of \$1,008,000. Terms of the sale were a down payment of \$300,000 (30%) and a seller first for \$708,000 (70%). Purchased by a user.

SALE NO. 5**20 SOUTH LINDEN AVENUE #2B, SOUTH SAN FRANCISCO**

A.P.N.:	101-341-080	Year Built:	1990
Prox. to Subject:	Subject complex	Condition:	Average
Seller:	Corey Trust	Land Area:	N/A-Condo
Buyer:	Gonzalez	Sale Price:	\$1,000,000
Sale Date:	9/25/2020	Price Per Sq. Ft.:	\$368
Area:	2,716 Sq. Ft.	Parking:	5 Spaces

Comments: This comparable represents the most recent sale of a unit in the complex. Interior orientation with one grade level door, 22 foot clear height and a 15% office buildout. Average condition. Property sold for \$1,000,000 in September of 2020. Originally listed at \$1,150,000 in May of 2020. Terms of the sale were a down payment of \$99,000 (10%) and an SBA loan with Ready Capital Lending for \$901,000 (90%). Purchased by a user.

SALES ANALYSIS

PRICE PER SQUARE FOOT ANALYSIS

The subject's condominium unit has an area of 2,871 square feet, exclusive of the mezzanine level. The comparables are all light industrial/flex type condominiums and range in size from 2,200 to 2,837 square feet and indicate prices between \$368 and \$659 per square foot. The following pages describe the adjustments made to the comparables for various differences. An adjustment grid summarizing these adjustments can be seen on a following page.

PROPERTY RIGHTS

This adjustment considers any difference between the legal estate which was transferred. All of the comparables involved the transfer of the fee simple interests. Since I am appraising the fee simple interest in the subject, no adjustment is necessary for property rights.

FINANCING

Cash equivalency analysis is a procedure in which the sale prices of comparable properties that were sold with atypical financing terms are adjusted to reflect typical market terms. The closed sales presented were typical of the market with cash, conventional and seller terms at market. Therefore, no adjustment is required.

CONDITIONS OF SALE

This adjustment reflects the motivations of the buyer and seller when a transaction is not arms-length due to a number of reasons. All of the comparables were arms-length transactions and no adjustment was necessary.

MARKET CONDITIONS

This adjustment reflects a change in market conditions (time adjustment), which may be caused by inflation, deflation, fluctuation in supply and demand. All of the sales sold between September of 2020 and May of 2022. The effective date of value for the subject is July 25, 2022. Nos. 1, 2 and 3 sold within approximately nine months of the effective date of value in similar type conditions. No adjustment is necessary to these comparables for market conditions. Nos. 4 and 5 sold in April of 2021 and September of 2020, respectively. Based on information in the Market Overview section of this report, the average and median prices of condominiums have appreciated from 2020 through July of 2022. In view of the above, an upward adjustment between 5% and 10% will be made to Nos. 4 and 5 for market conditions.

SALES ANALYSIS (cont'd)

LOCATION

The subject property is located in a multi-tenant, light industrial condominium complex in South San Francisco with average access to Highway 101 and Interstate 380. All of the comparables are located in the subject neighborhood and are felt to have similar type locations. Therefore, no adjustment will be made to any of the comparables.

ORIENTATION

The subject condominium represents an end unit at the rear of the complex (away from the street). Market participants view corner orientations with superior street exposure as a slight advantage compared to interior units. Nos. 1, 3, 4 and 5 were similar with interior orientations and were not adjusted. No. 2 had a corner orientation with good exposure to street traffic. This comparable has been adjusted downwards 5%.

SIZE

The subject unit has an area of 2,871 square feet. The comparables range from 2,200 to 2,837 square feet. No. 1 is the smallest with 2,200 square feet and has been adjusted downwards 10% for size recognizing that smaller sized units will sell for more per square foot than larger sized ones like the subject. Nos. 2, 3, 4 and 5 (2,520-2,837 Sq. Ft.) were similar and do not require any adjustment.

AGE/CONDITION

The subject complex was built in 1990 with the unit being in average condition for the market. All of the comparables were built between 1978 and 1990 and were in average condition with the exception of No. 3. No. 3 was in good condition due to the fact that the 1,250 square feet of office space in this unit was recently renovated. A downward adjustment of 10% will be made to this comparable. No adjustment is necessary to the other comparables due to their similar effective ages.

PARKING

The subject unit has five dedicated parking spaces, which amounts to a parking ratio of 1.7 spaces per unit. The comparables ranged from 0.7 to 2.8 spaces per unit. Nos. 1, 2 and 4 (1.2-1.8 spaces/unit) were similar and do not require any adjustment. No. 3 (2.8 spaces/unit) was superior and has been adjusted downwards 5%, while No. 5 (0.7 spaces/unit) was inferior and has been adjusted upwards 5%.

PERCENTAGE OF OFFICE

The subject property has a 13% office buildout. Nos. 1, 2, 4 and 5 (10-15%) were similar and do not require any adjustment. No. 3 (50%) was superior and has been adjusted downwards 15%.

SALES ANALYSIS (cont'd)**PRICE PER SQUARE FOOT CONCLUSION**

After adjustments (see next page), the comparables range from \$405 to \$593 per square foot. No. 1 (\$593/sq. ft.) appears to be an outlier comparable and was an off market transaction oriented towards a medical user. Overall, limited consideration is given to this comparable. The remaining comparables illustrate a range of value from \$405 to \$432 per square foot, with an average of \$421 per square foot. Of these comparables, No. 5 (\$425/sq. ft., adjusted) is weighted heavier due to its location in the subject complex. In view of the above, a value of \$425 per square foot will be concluded. Based on an area of 2,871 square feet, this translates into a value of \$1,220,000 (2,871 Sq. Ft. x \$425/sq. ft., rounded).

SALES ANALYSIS (cont'd)

<u>BUILDING SALES/ADJUSTMENT GRID</u>					
	<i>No. 1</i>	<i>No. 2</i>	<i>No. 3</i>	<i>No. 4</i>	<i>No. 5</i>
<i>Sales Price/SF:</i>	\$659	\$455	\$578	\$400	\$368
<i>Property Rights:</i>	FS	FS	FS	FS	FS
<i>Term of Sale:</i>	Cash	Cash	Cash	Seller	Conv.
<i>Cond. of Sale:</i>	Arms-Len.	Arms-Len.	Arms-Len.	Arms-Len.	Arms-Len.
<i>COE:</i>	5/22	12/21	11/21	4/21	9/20
<i>Mrkt Cond. Adj.:</i>	-0-	-0-	-0-	+5%	+10%
<i>Adj. Price/SF</i>	\$659	\$455	\$578	\$420	\$405
<i>Location:</i>	-0-	-0-	-0-	-0-	-0-
<i>Orientation:</i>	-0-	-5%	-0-	-0-	-0-
<i>Size:</i>	-10%	-0-	-0-	-0-	-0-
<i>Age/Cond.:</i>	-0-	-0-	-10%	-0-	-0-
<i>Parking:</i>	-0-	-0-	-5%	-0-	+5%
<i>% Office:</i>	-0-	-0-	-15%	-0-	-0-
<i>Overall:</i>	-10%	-5%	-30%	-0-	+5%
<i>Value:</i>	\$593	\$432	\$405	\$420	\$425

INCOME APPROACH

The Income Approach to value is predicated on the assumption that there is a definite relationship between the amount of income a property will earn and its value. The theory of the Income Approach is that the value of a property is the present worth of the net income it will produce during its remaining economic productive life.

The Income Approach can be accomplished by *Direct Capitalization* or by *Yield Capitalization*. The Direct Capitalization Method is more meaningful in this report since the subject property is at stabilized occupancy.

Direct Capitalization is defined as:

A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step - either by dividing the income estimate by an appropriate income rate or by multiplying the income estimate by an appropriate income factor.

Source: "The Appraisal of Real Estate," Eleventh Edition, 1996, pg. 461.

The first step in the Income Approach is to estimate the gross annual income of the subject property at 100% occupancy. This is done by comparing the market rent to the existing contract rent. Any vacant or owner-occupied space is usually estimated at market rent levels. The next step involves the calculation of the net operating income by deducting a vacancy and collection loss factor, and expenses over a holding period. The final step involves applying an overall capitalization rate to the net operating income in order to arrive at a value estimate.

FAIR MARKET RENT

Fair Market Rent is defined as...The rental income that a property would most probably command on the open market as indicated by current rentals being paid for comparable space (as of the effective date of appraisal). This is preferred terminology to the term "Economic Rent" which is traditionally been used in appraisal analysis, even though both are currently considered synonymous.

CONCLUSION OF MARKET RENT

The rent comparables on the following page were used to estimate market rent for the subject property. These comparables indicate a range of rents (unadjusted) from \$1.55 to \$1.75 per square foot, gross. All of the comparables are located in South San Francisco and are felt to be good comparables. The table below summarizes the adjustments made to the rent comparables.

<i>Comparable</i>	<i>No. 1</i>	<i>No. 2</i>	<i>No. 3</i>
Rent/SF	\$1.92	\$1.75	\$1.75
Expense Basis	Gross	Gross	Gross
Lease Date	6/22	5/21	4/21
Market Conditions	-0-	+5%	+5%
Location	-0-	-0-	-5%
Size	-0-	+10%	+10%
Build Out	-0-	-0-	-5%
Freestanding	-0-	-0-	-0-
Loading Facilities	-0-	-0-	-0-
Parking	-0-	-0-	-0-
Overall	-0-	+15%	+5%
Adj. Rent/SF	\$1.92	\$2.01	\$1.84

After adjustments, the comparables indicate a range of rents from \$1.84 to \$2.01 per square foot, gross. All of the comparables are felt to be good indicators of market rent for the subject unit. In view of the above, ***market rent will be concluded at \$1.90 per square foot, gross.***

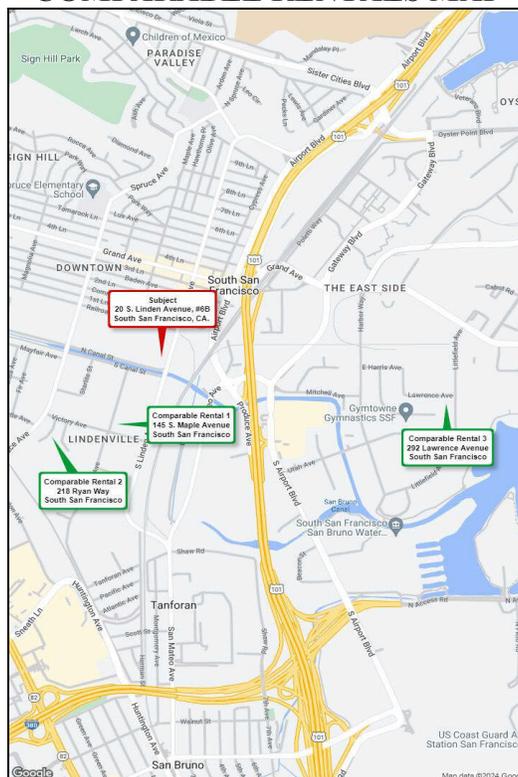
VACANCY AND COLLECTION LOSS

The next step after arriving at an estimated gross annual income projection is allowing for a vacancy and collection loss. Investors typically input vacancy and collection loss of 5% for properties in stable market areas. In view of the above, I will conclude a 5% vacancy and collection loss for the subject property.

COMPARABLE RENTALS
Appraisal of 20 South Linden Avenue #6B
South San Francisco

No.	Location	Lease Date	Total Sq. Ft.	Term	Year 1 Rent	Comments
1.	145 South Maple Avenue South San Francisco	6/22	3,750	3	\$1.92 Gross	Interior unit in a multi-tenant building located west of Highway 101. 5% office, 1 grade level door, 16-foot clear height. Parking in front.
2.	218 Ryan Way South San Francisco	5/21	6,200	5	\$1.75 Gross	End unit in a multi-tenant building located west of Highway 101. 5% office, 2 grade level doors, 16-foot clear height. 3% increases. Space has a private yard that can accommodate extra vehicles. Renewal.
3.	292 Lawrence Ave. South San Francisco	4/21	5,198	1	\$1.75 Gross	Interior unit in a multi-tenant building east of Highway 101. 35% office buildout, 1 grade level and 1 dock high door, 18 foot clear height. New tenant.

COMPARABLE RENTALS MAP



EXPENSE ANALYSIS

Due to the fact that the property is owner occupied, no expense information was made available to the appraiser. My estimate of expenses will be based on actual and market data.

REAL ESTATE TAXES

This expense item reflects the new real estate taxes based on the current tax rate (1.0499%) applied to the estimated value via the Income Approach.

ASSESSMENTS

This expense item includes the five special assessments for the subject property, which amounts to \$818.

ASSOCIATION DUES

This expense item covers fire insurance, common area landscaping, common area utility and water charges, and reserves. The current monthly assessment for the subject unit is \$414. Therefore, this expense will be concluded at \$5,000 (\$414 x 12, rounded).

OFF-SITE MANAGEMENT

This expense item is necessary for the off-site management costs necessary to run the subject property. Typical management fees for the subject property type range from 4% to 6% of the EGI. I feel that a 5% management fee is reasonable for the subject property.

RESERVES

This expense item is necessary for the replacement of short-lived items, including but not limited to the roof, parking lot and exterior paint. This item has already been considered in the association dues. Therefore, none will be estimated.

DIRECT CAPITALIZATION

Capitalization is the process of converting the net operating income projected for a property into a current value indication. Direct Capitalization converts a property's single year's net operating income, estimated via a Reconstructed Operating Statement, by dividing that income by an overall capitalization rate.

The formula for this type of valuation is:

$$\text{Value} = \frac{\text{Net Operating Income}}{\text{Overall Capitalization Rate}}$$

MARKET-DERIVED OVERALL RATE

In active markets, an appropriate overall capitalization rate can be derived from market transactions. This is best and most frequently utilized method for estimating an appropriate capitalization rate for commercial real estate. All of the comparables used in the Sales Comparison Approach were purchased by owner users, i.e. no capitalization rates. The table below summarizes capitalization rates from industrial and flex type buildings in San Mateo County that provides support of a capitalization rate for the subject property.

No.	Location	Sale Date	Sale Price	Size	Price/SF	OAR
1.	938 South Amphlett Blvd. San Mateo	7/22	\$3,100,000	8,600	\$360	5.18%
2.	214 Ryan Way South San Francisco	5/22	\$5,900,000	15,304	\$386	4.03%
3.	520 Harbor Boulevard Belmont	4/22	\$5,912,500	13,727	\$431	4.81%

The above sales illustrate capitalization rates from 4.03% to 5.18%. All of the comparables sold within three months of the effective date of value and are felt to provide an adequate range of capitalization rates for the subject. In view of the above as well as the fact that I am using market rents in my analysis, a capitalization rate of 5.00% is felt to be well supported.

RECONSTRUCTED INCOME & EXPENSE STATEMENT

POTENTIAL GROSS INCOME (100% OCCUPANCY)

Apartments (2,871 Sq. Ft. @ \$1.90/Sq. Ft. x 12)	\$65,459
Total Gross Annual Income	\$65,459

LESS VACANCY & COLLECTION LOSS (5%)	<u>\$ 3,273</u>
EFFECTIVE GROSS INCOME	\$62,186

LESS EXPENSES

Real Estate Taxes	\$ 9,239	
Special Assessments	\$ 818	
HOA Dues	\$ 5,000	
Offsite Management	<u>\$ 3,109</u>	
Total Expenses		<u>\$18,166</u>

NET OPERATING INCOME	\$44,020
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CAPPED AT:	5.00%
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INDICATED MARKET VALUE	\$880,400
NET OPERATING INCOME	\$880,000

RECONCILIATION OF VALUE

Utilizing the two approaches to value, Sales Comparison and Income, the following estimates of value were obtained:

<i>Sales Comparison Approach</i>	-	<i>\$1,220,000</i>
<i>Income Approach</i>	-	<i>\$ 880,000</i>

For the Sales Comparison Approach, a reliable indication of value is possible when comparable properties have sold recently. In the case of the subject, five comparables have been analyzed. Overall, this approach is considered to be the primary indicator of value due to the fact that market participants view this method quite regularly for valuing “flex” type condominiums like the subject.

For the Income Approach, a reliable indication of value is possible when rents, vacancy and expenses have been accurately projected and the capitalization rate reflects the market. It is the appraiser's opinion that there was good support for rents, vacancy and expenses. The capitalization rate chosen was based on additional comparables from the market since all of the comparables in the Sales Comparison Approach were purchased by users. Overall, this approach is given secondary consideration due to the fact that investors will pay less for a vacant condominium than users.

In view of the above, I estimate that the “*As Is*” *Market Value* of the subject property as of July 25, 2022 falls closer to the Sales Comparison Approach or:

ONE MILLION TWO HUNDRED THOUSAND DOLLARS
(\$1,200,000)

ADDENDUM

Property Detail Report

For Property Located At :
20 S LINDEN AVE 6B, SOUTH SAN FRANCISCO, CA
94080-6424



Owner Information

Owner Name: DOLLINGER SEAN/DOLLINGER OF
Mailing Address: 3989 BRANSON DR, SAN MATEO CA 94403-3649 C047
Vesting Codes: // TR

Location Information

Legal Description: UNIT 6 BLDG B TWENTY SOUTH LINDEN INDUSTRIAL WAREHOUSE CONDOMINIUMS 91010068
County: SAN MATEO, CA APN: 101-341-120
Census Tract / Block: 6023.00 / 2 Alternate APN:
Township-Range-Sect: Subdivision:
Legal Book/Page: Map Reference: 24-B5 /
Legal Lot: Tract #:
Legal Block: 1 School District: S SAN FRANCISCO BASI
Market Area: 524 School District Name: S SAN FRANCISCO BASI
Neighbor Code: Munic/Township:

Owner Transfer Information

Recording/Sale Date: 01/28/2002 / 01/04/2002 Deed Type: GRANT DEED
Sale Price: 1st Mtg Document #:
Document #: 15296

Last Market Sale Information

Recording/Sale Date: 02/01/1993 / 1st Mtg Amount/Type: \$225,000 / CONV
Sale Price: \$250,000 1st Mtg Int. Rate/Type: / FIXED
Sale Type: FULL 1st Mtg Document #:
Document #: 16579 2nd Mtg Amount/Type: \$24,000 / PRIVATE PARTY
Deed Type: GRANT DEED 2nd Mtg Int. Rate/Type: /
Transfer Document #: Price Per SqFt: \$87.08
New Construction: Multi/Split Sale:
Title Company:
Lender: LENDER SELLER
Seller Name: DIODATI KIRK S REVOCABLE TRUST

Prior Sale Information

Prior Rec/Sale Date: / Prior Lender:
Prior Sale Price: Prior 1st Mtg Amt/Type: /
Prior Doc Number: Prior 1st Mtg Rate/Type: /
Prior Deed Type:

Property Characteristics

Year Built / Eff:	1990 /	Total Rooms/Offices:		Garage Area:	
Gross Area:	2,871	Total Restrooms:		Garage Capacity:	
Building Area:	2,871	Roof Type:		Parking Spaces:	
Tot Adj Area:		Roof Material:		Heat Type:	
Above Grade:		Construction:		Air Cond:	
# of Stories:	1	Foundation:		Pool:	
Other Improvements:		Exterior wall:		Quality:	
		Basement Area:		Condition:	

Site Information

Zoning:	ML00M1	Acres:	1.71	County Use:	WAREHOUSING (38)
Lot Area:	74,476	Lot Width/Depth:	x	State Use:	
Land Use:	WAREHOUSE	Res/Comm Units:	/	Water Type:	
Site Influence:				Sewer Type:	

Tax Information

Total Value:	\$416,558	Assessed Year:	2023	Property Tax:	\$5,400.88
Land Value:	\$208,279	Improved %:	50%	Tax Area:	013052
Improvement Value:	\$208,279	Tax Year:	2023	Tax Exemption:	
Total Taxable Value:	\$416,558				

QUALIFICATIONS OF PETE DOHERTY, MAI

EDUCATION & PROFESSIONAL AFFILIATIONS

Graduate: St. Martins College, Lacey, Washington
- *Bachelor of Arts – 1981*
- *Business Management (Major)*
- *Economics (Minor)*

Appraisal Institute Courses:

- *Comprehensive Appraisal Workshop*
- *Report Writing*
- *Case Studies*
- *Capitalization Theory & Techniques A&B*
- *Standards of Professional Practice A&B*

CCIM Courses:

- *CI 101*
- *CI 102*
- *CI 103*
- *CI 104*

Affiliations: Member – Appraisal Institute (#11550)
Certified Commercial Investment Member - **CCIM #14103**
Certified General Appraiser, State of California - **#AG011067**
Belden & Olympic Clubs, San Francisco

EXPERIENCE

2019 - Present Principal Appraiser
Doherty Valuation

1998 - 2019 Independent Appraiser
All Bay Valuation
Redwood City, CA.

1996 - 1998 Staff Appraiser
Washington Mutual Bank
San Bruno, CA.

1992 - 1996 Staff Appraiser
Bank of America
Pleasant Hill, CA.

1988 - 1992 Fee Appraiser
Charles D. Bailey & Associates
San Francisco, CA.

QUALIFICATIONS OF PETE DOHERTY, MAI (cont'd)

TYPES OF APPRAISALS

I have a wide variety of experience in appraising all types of properties, including but not limited to apartments, office, retail, industrial and commercial buildings. Complex assignments included bond-financed apartments, leasehold analysis and major mixed-use properties in excess of \$20,000,000.

CLIENTS INCLUDE

All California Mortgage	Imperial Thrift & Loan
Aspire Funding	Luther Burbank Savings & Loan
Bankers Preferred	MD Mortgage Direct, Inc.
Bay View Bank	P.W. Funding Corp.
Berkshire Mortgage	Pacific Guaranty Mortgage
Borel Private Bank & Trust Pacific	Premier Bank
Cal-Fed	Peninsula Bank
Carr McClellan Ingersoll Thompson & Horn	Quaker Federal
Commercial Capital Bank	RPM Mortgage
First National Bank	ServiCentre Mortgage
Financial Institutional Partners	St. Paul Federal Bank
Fremont Investments & Loan	Washington Mutual Bank
GMAC Commercial Mortgage	West American Mortgage Corporation

LITIGATION WORK

I have been involved with two cases over the last 4 years as briefly described below:

- (1) 2002: Gossamer Isle Subdivision, Redwood Shores. I was hired by Mr. Merrill Emerick and Mr. Robert Desky of Anderlini, Finklestein & Emerick to testify as an expert witness concerning the impact on value to the subdivision caused by public access.
- (2) 2003: Pescadero Land. I was hired by Mr. Merrill Emerick of Anderlini, Finkelstein & Emerick to testify as an expert witness concerning a possible fraud in a previous real estate transaction.